

El Salvador Municipal Competitiveness Index 2013

Measuring Local Economic Governance
to Create a Better Business Climate



MCI MUNICIPAL
COMPETITIVENESS
INDEX



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Measuring Local Economic Governance to Create A Better Business Environment

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EXECUTIVE SUMMARY

The United States Agency for Development International (USAID), through the Municipal Competitiveness Project (MCP), supports the management of a research initiative known as the Municipal Competitiveness Index (MCI). The MCI 2013 is a tool designed to measure the local business climate in El Salvador and is developed by Escuela Superior de Economía y Negocios (ESEN) in partnership with RTI International and USAID/El Salvador. ESEN will implement the MCI on a triennial basis, beginning in 2017.

A good business climate relies on the degree to which management of local government is based on good governance principles such as transparency, accountability, innovation, provision of quality public services, and setting clear, stable, and honest rules, which are aimed at achieving local economic development by promoting private investment opportunities and employment generation.

The MCI 2013 (see **Figure 1** on page 6) is the third application of the methodology in El Salvador, following the 2009 and 2011 indices. It evaluates the business climate in 108 municipalities of El Salvador. One hundred of these municipalities, which are among the most populous in the country, participated in the 2009 MCI. The 2011 MCI included eight new municipalities, which are part of the MCP's greater initiative.

The MCI 2013 is not directly comparable to the previous indices carried out in 2009 and 2011. Rather, it is the result of revising and improving the structure and contents of the 2009 and 2011 measurements. Representatives from municipal and central government, nongovernmental organizations that specialize in local development, and the private and academic sectors participated in the MCI 2013. The new MCI better measures the attributes associated with the local business climate and serves as the baseline from which stakeholders can compare future measurements.

The MCI 2013 methodology allows us to rank the municipalities on a level playing field despite differences in endowments and stages of development. The MCI 2013 focuses on local economic aspects over which

municipal governments have the same degree of control and provides information upon which all local governments can act. **Table 2** at the end of this report denotes the rankings for the 108 municipalities, listed in alphabetical order, in the overall MCI and in each sub-index. A more comprehensive report, which includes the complete data analysis and an appendix detailing the MCI 2013 methodology, will be published in the MCI's Web site at: <http://www.municipalindexelsalvador.com> or <http://www.indicemunicipalelsalvador.com>. This is a bilingual Web site that serves as an information center for all other MCI materials, including data, survey forms, presentations, and updates. This report presents a user-friendly version of the MCI 2013 to the general public.

The MCI 2013, as well as each of the sub-indices, were calculated based on data collected from a sample of 8,818 businesses owners and local officials from 108 municipalities. The MCI and each sub-index are ranked on a scale of 1 to 10, where 1 represents the lowest and 10 the highest relative rankings. The MCI is a weighted average of the rankings derived from the eight sub-indices. In 2013, the overall MCI averaged a 5.96 ranking for the 108 municipalities included in the measurement. The Illegal Payments, Entry Costs, and Time to Comply with Regulations sub-indices achieved above average rankings at 8.18, 7.00, and 6.23, respectively. Municipal Services (5.91), Public Safety (5.63), Rates and Taxes (5.24), Transparency (5.22), and Proactivity (4.97) obtained below average rankings. These results suggest that local governments have significant room for improvement in these areas.

The 108 municipalities are classified into five performance groups—"Excellent," "High," "Average," "Low," and "Very Low"—in the overall MCI and in each sub-index. Six municipalities obtained "Excellent" rankings in the MCI 2013, with Atiquizaya achieving the highest ranking (7.71). El Carmen (Department of Cuscatlán) (7.39) came in second, followed by Alegría (7.15), which placed third. The municipalities of Tejutla (7.07), San Julián (7.04), and Pasaquina (7.00) also achieved "Excellent" rankings.

Table ES-1: Municipalities Classified as “Excellent” by Sub-index

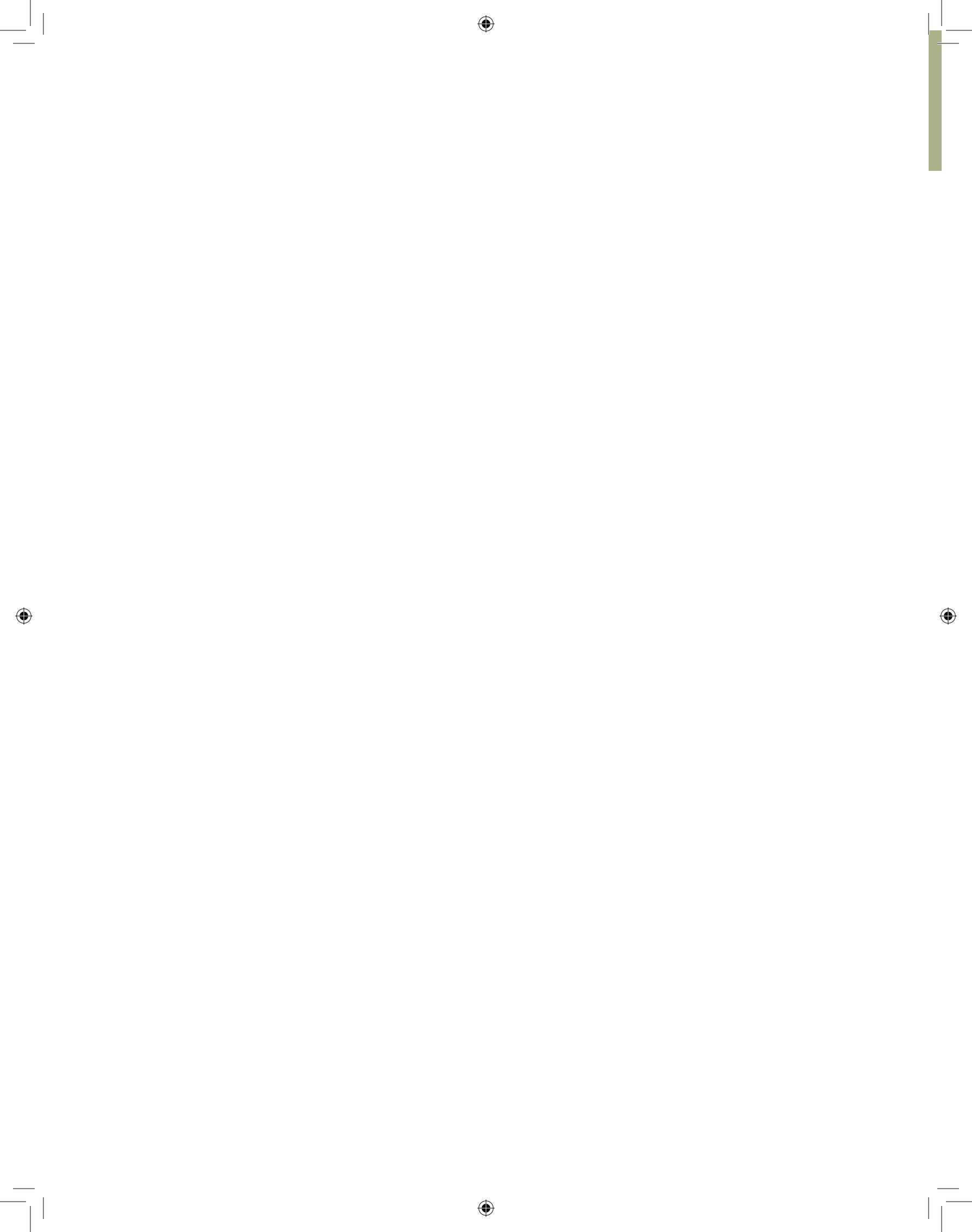
Sub-index	Municipalities Classified within the “Excellent” Performance Group
Transparency	Atiquizaya, Antiguo Cuscatlán, Zzatecoluca, San Juan Nonualco, San Julián, San Salvador, and Ilopango
Municipal Services	Alegría, Antiguo Cuscatlán, Pasaquina, Atiquizaya, Ciudad Arce, and Juayúa
Proactivity	Suchitoto, Atiquizaya, Antiguo Cuscatlán, El Carmen (Department of Cuscatlán), Tepecoyo, and San Julián
Illegal Payments	Sensuntepeque, Moncagua, Corinto, Chirilagua, Apastepeque, and Santa Cruz Michapa
Public Safety	Alegría, El Carmen (Department of Cuscatlán), Tepecoyo, Antiguo Cuscatlán, San Julián, and Juayúa
Time to Comply with Regulations	Jujutla, Talnique, San Salvador, Guazapa, Colón, and Atiquizaya
Rates and Taxes	Atiquizaya, Tejutla, El Carmen (Department of Cuscatlán), San Vicente, Jujutla, and Tepecoyo
Entry Costs	Huizúcar, Santa Cruz Michapa, Atiquizaya, San Luis de La Herradura, Jiquilisco, and Berlín

Table ES-1 lists the municipalities classified as “Excellent” in each of the eight MCI sub-indices.

The implementation of the MCI 2013 would not have been possible without the cooperation of business owners and representatives, mayors, and municipal officials who took the time to be interviewed about their local business environment and municipal regulations. The results reflect their contributions and insights.

The MCI 2013 aims to provide municipalities with synthesized information, derived from the local population, concerning specific areas of municipal management. This information will enable local officials to review those areas assessed by the community as performing well or poorly and take measures to improve municipal services and/or dialogue with the private sector. To that end, the initiatives taken by the municipalities to address these areas—such as opening local economic development offices, simplifying and streamlining procedures involved in registering and operating businesses, training municipal staff, ensuring greater involvement of the private sector, or promoting business associations—will be reflected in the results of future indices.

We expect that the MCI will become a valuable instrument for municipal representatives, business owners, unions, investors, and donors, as well as promote friendly competition among municipalities and thus contribute to improved economic governance in El Salvador.



EL SALVADOR MUNICIPAL COMPETITIVE INDEX

2013

The United States Agency for Development International (USAID), through the Municipal Competitiveness Project (MCP), supports the management of a research initiative known as the Municipal Competitiveness Index (MCI). The MCI is a tool designed to measure the local business climate in El Salvador and is developed by Escuela Superior de Economía y Negocios (ESEN) in partnership with RTI International and USAID/El Salvador. A good business climate depends on the degree to which a municipality generates, enriches, promotes, and maintains conditions to attract and retain the private investment required to reach sustainable levels of economic growth.

Economic growth consists of increased employment at the local level and rates and taxes, which enable the provision of good quality municipal services, as well as improved wellbeing of residents.

The MCI evaluates the business climate by individually surveying business owners and representatives, mayors, and municipal officials, with the intention of compiling real experiences from a broad range of private formal and informal businesses that operate from a fixed location. We must note that the MCI 2013 does not measure the complete investment environment. Rather, it excludes initial structural conditions and resource allocation, such as population size, location, natural resources, access to markets, and qualified workforce. However, the MCI methodology standardizes the municipalities in terms of the key factors involved in making investment decisions.¹ The MCI methodology allows us to compare the municipalities on a level playing field despite the enormous differences in resource allocation and stages of development. The MCI 2013 focuses on local economic aspects over which municipal governments have the same degree of control and provides information upon which all local governments can act.

¹ The methodological appendix details the statistical procedures used to standardize the 2009 and 2011 MCIs. An updated version of this appendix used for the MCI 2013 is available at the following Web site: <http://municipalindexelsalvador.com> or <http://indicemunicipalelsalvador.com>.

Beginning in 2013, the MCI measures the following eight characteristics of the local business climate in each municipality:²

- **Transparency:** Degree of openness to provide access to information and the predictability of changes to regulations affecting businesses in a municipality.
- **Municipal Services:** Quality of services a municipality provides to the private sector.
- **Proactivity:** Level of dynamism of a municipal government in developing and promoting initiatives aimed at attracting investments and improving local business conditions.
- **Illegal Payments:** Magnitude, incidence, and costs of illegal payments that are required to start and operate a business in a municipality.
- **Public Safety:** Impact of crime and delinquency on business owners' and municipalities' ability to prevent and control crimes and keep the municipality within acceptable limits.
- **Time to Comply with Regulations:** Frequency of inspections in each municipality, the degree to which they are carried out in an appropriate manner; and the number of regulations imposed on business operations in a municipality.
- **Rates and Taxes:** The rate of local taxes and other burdens required for the operation of businesses, adjusted by the degree to which these are appropriate to the quality of public services provided by the municipality.
- **Entry Costs:** Time costs and ease of registering and initiating business operations in a municipality.

² Ibid.

Changes to the MCI 2013

The MCI 2013 was developed through a participatory process that involved reviewing the structure, content, and methodology of the 2009 and 2011 MCIs.

Representatives from the municipalities, central government, nongovernmental organizations that specialize in local development, private sector, and academia participated in a series of workshops in February 2013. As a result of these workshops, key information was obtained to implement the following changes in the MCI 2013:

- The new MCI was calculated based on the rankings of eight sub-indices unlike the 2009 and 2011 indices, which included nine sub-indices. This change was made during a participatory review process held in February 2013, which included representatives from the municipalities, central government, nongovernmental organizations that specialize in local development, private sector, and academia. The Municipal Regulations sub-index was combined with the Time to Compliance sub-index and then named *Time to Comply with Regulations*. The Municipal Regulations sub-index from the 2009 and 2011 indices was calculated based on the values of the following indicators: percentage of businesses that considered the number of municipal regulations to have increased in the past year and the percentage of businesses that considered the number of regulations unusually high when compared with neighboring municipalities. As such, workshop participants concluded that both of these indicators measured the amount of time required of business owners to comply with municipal regulations.
- The Informal Payments sub-index was renamed *Illegal Payments*. Workshop participants suggested that the name *Informal Payments* did not capture the true meaning of the corruption associated with off-record payments solicited by and paid to municipal officials or employees in order to obtain business licenses or permits, resolve issues, or access information. The Public Safety sub-index (named *Seguridad Ciudadana* in Spanish in the 2009 and 2011 MCI) was renamed in Spanish, *Seguridad Pública* (it remains the same, *Public Safety*, in the English version), to include

actions required to prevent and control crime in local areas. The new Spanish name encompasses aspects of democratic security that extend beyond the sphere of local government.

- New indicators were included for the sub-indices, some indicators were excluded, and others were assigned to different sub-indices than those in 2009 and 2011.³
- A new series of weights was calculated to take into account changes made to the structure and contents of the MCI 2013.⁴ The following are the new weights for the eight sub-indices: Transparency (15%), Municipal Services (15%), Proactivity (15%), Illegal Payments (15%), Rates and Taxes (15%), Public Security (10%), Time to Comply with Regulations (10%), and Entry Costs (5%).
- The new weights were obtained through a statistical process that determines the relative contribution of each sub-index toward two measures of economic governance—(1) increase in the number of sales recorded by businesses operating in a municipality over the previous year; and (2) increase in the number of businesses registered in the local cadaster—which impacts the quality of economic governance in a municipality. These weights were also adjusted to account for differences in endowments and stages of development across the municipalities.
- The weights for the sub-indices in the 2009 and 2011 MCIs were as follows: Transparency (15%), Municipal Services (15%), Proactivity (15%), Illicit Payments (15%), Rates and Taxes (10%), Public Safety (10%), Time to Compliance (10 %), Entry Costs (5%), and Municipal Regulations (5%).
- The new weight system did not modify the structure for measuring municipal competitiveness, with Transparency, Municipal Services, Proactivity, and Illegal Payments making up 60%.

³ A detailed description of the new indicators under each of the MCI 2013 sub-indices is available in a document, titled *Economic Governance*, available at the following Web site: <http://municipalindexelsalvador.com> or <http://indicemunicipalelsalvador.com>.

⁴ Additional information concerning the calculations used for the new weight system applied to the MCI 2013 sub-indices can be found in the methodological appendix.

- To increase the overall degree of confidence in the MCI measurements and to obtain a more representative sample in each municipality, the number of businesses selected was increased from 40 in 2009 and 2011 to 80 in 2013. In smaller municipalities, it was not always possible to achieve the desired sample size of 80 businesses.⁵ Alternatively, in the largest municipalities, in which most of the country's economic activity is concentrated, the sample size exceeded the minimum of 80 businesses.⁶
- The MCI 2013 is calculated from data derived from the total sample size of 8,818 businesses—twice as many as those surveyed in the 2009 and 2011 MCIs. As a result of these changes, the MCI 2013 results are not directly comparable to those of the 2009 and 2011 MCIs. Going forward, the MCI 2013 will serve as the baseline for comparing future indices.

TABLE I. EL SALVADOR MCI 2013 MUNICIPALITIES BY PERFORMANCE LEVEL

Municipalities with Excellent Performance	Municipalities with High Performance	Municipalities with Average Performance	Municipalities with Low Performance	Municipalities with Very Low Performance
Atiquizaya	Juayúa	Nueva Concepción	Delgado	Jucuarán
El Carmen (Department of Cuscatlán)	San Salvador	Jujutla	Tacuba	Sonzacate
Alegría	San Pablo Tacachico	Zacatecoluca	Acajutla	San Juan Opico
Tejutla	Antiguo Cuscatlán	El Rosario	Puerto El Triunfo	La Unión
San Julián	Tepecoyo	Nueva Guadalupe	Olocuita	Talnique
Pasaquina	San Vicente	Nejapa	San Luis de la Herradura	San Francisco Menéndez
	Ciudad Arce	Suchitoto	Jiquilisco	
	San Rafael Cedros	San Pedro Masahuat	San Marcos	
	El Paisnal	San Juan Nonualco	Quezaltepeque	
	Ayutuxtepeque	Apastepeque	Aguilares	
	Santa Rosa de Lima	Armenia	Mejicanos	
	Santiago Nonualco	Huizúcar	San Sebastian Salitrillo	
	San Francisco Gotera	Santa Cruz Michapa	Santa Ana	
	Santa María Ostuma	Anamoros	Guazapa	
	Ciudad Barrios	San Luis Talpa	Cuscatancingo	
	Chinameca	Corinto	Chalchuapa	
		Berlín		
		La Libertad		
		Cojutepeque		
		Moncagua		
		El Tránsito		
		Panchimalco		
		Chirilagua		

⁵ Municipalities with fewer than the targeted sample size of 80 businesses include the following: Caluco (57), Comasagua (69), Huizúcar (42), El Paisnal (76), El Carmen (Department of Cuscatlán) (45), San Bartolomé Perulapía (77), Santa Cruz Michapa (72), Santa María Ostuma (64), and Lislique (76). The sampling frame used in the MCI 2013 included businesses located in urban municipal areas and does not necessarily coincide with data from the Directory of Economic Activities, issued by the Directorate General of Statistics and Census.

⁶ In the municipality of San Salvador, we collected a sample of 572 businesses across the seven districts that make up the municipality: Centro Histórico (82), District 1 (80), District 2 (86), District 3 (80), District 4 (82), District 5 (82), and District 6 (80). Other municipalities with a sample size larger than the targeted 80 include the following: Santa Ana (220), San Miguel (321), Santa Tecla (190), and Antiguo Cuscatlán (88).

TABLE I. EL SALVADOR MCI 2013 MUNICIPALITIES BY PERFORMANCE LEVEL (Continued)

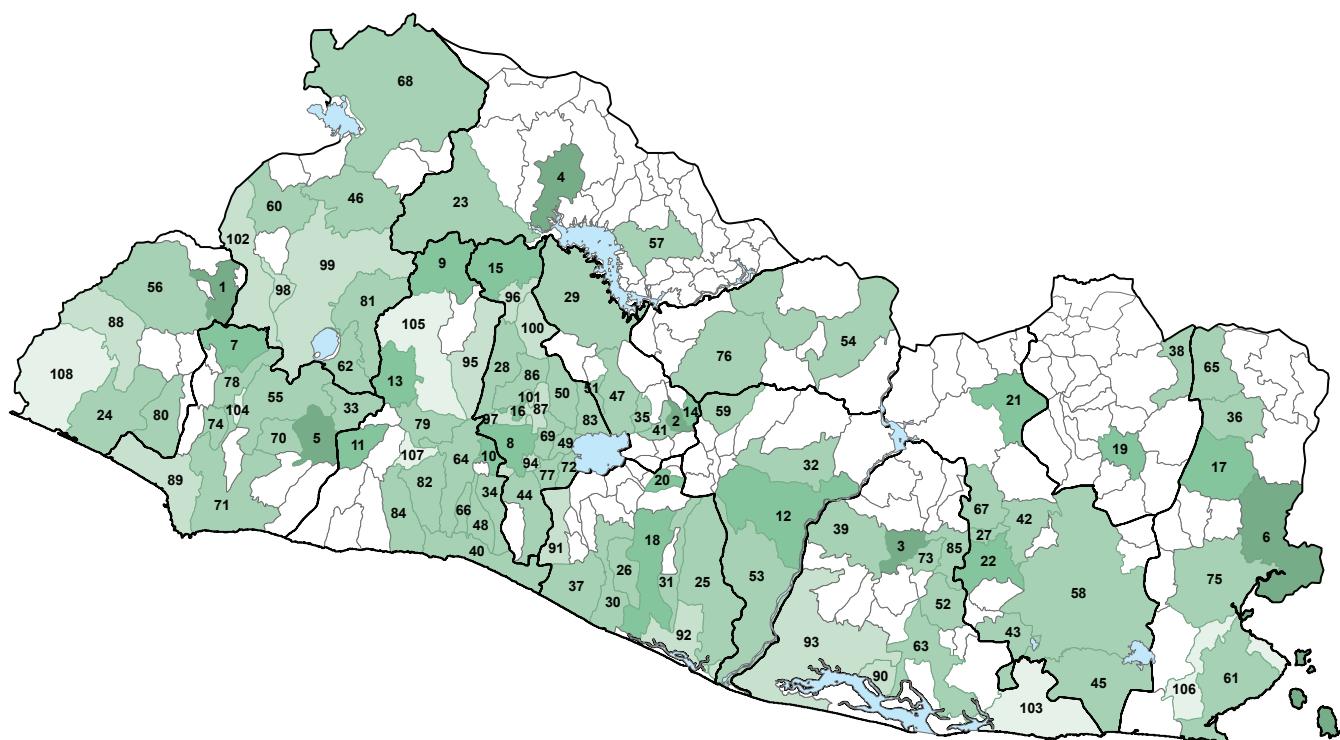
Municipalities with Excellent Performance	Municipalities with High Performance	Municipalities with Average Performance	Municipalities with Low Performance	Municipalities with Very Low Performance
		Texistepeque		
		San Pedro Perulapán		
		San Jose Villanueva		
		Ilopango		
		Tonacatepeque		
		San Bartolome Perulapía		
		Santa Elena		
		Tecoluca		
		Sensuntepeque		
		Izalco		
		Ahuachapán		
		Chalatenango		
		San Miguel		
		San Sebastián		
		Candelaria de la Frontera		
		Conchagua		
		El Congo		
		Usulután		
		Santa Tecla		
		Lislique		
		Zaragoza		
		Lolotique		
		Metapán		
		Soyapango		
		Caluco		
		Sonsonate		
		Santiago Texacuangos		
		Santiago de María		
		San Antonio del Monte		
		San Alejo		
		Ilobasco		
		Santo Tomás		
		Nahuizalco		
		Colón		
		Guaymango		
		Coatepeque		
		Comasagua		
		San Martín		
		Tamanique		
		Jucuapa		
		Apopa		

MCI 2013

The MCI 2013 was calculated from data collected from a sample of 8,818 businesses in the 108 municipalities that also participated in the 2011 MCI. Municipalities

are classified into five performance groups: “Excellent,” “High,” “Average,” “Low,” and “Very Low.”⁷ See *Table 1* (on page 3) and *Map 1*.

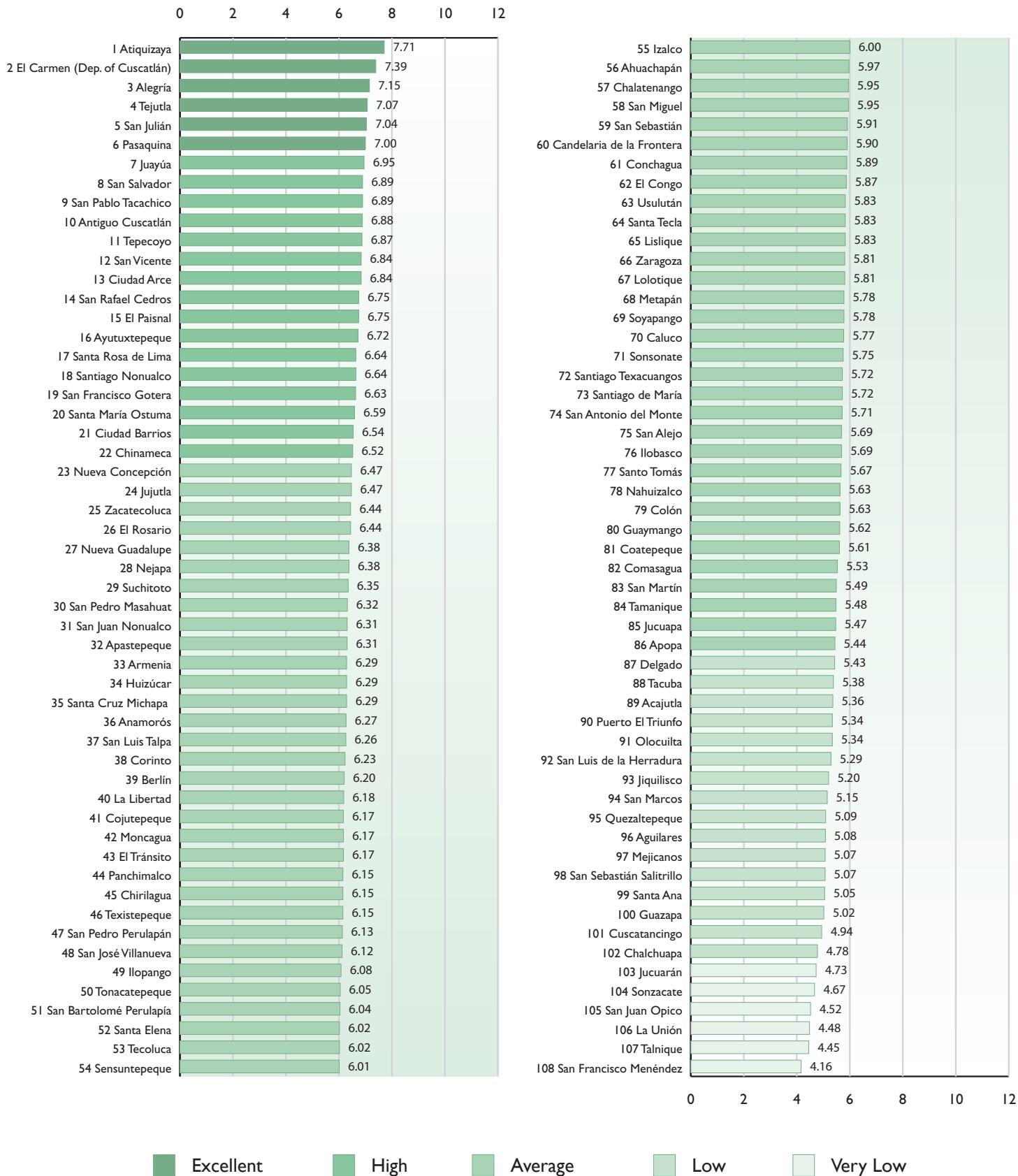
Map 1. El Salvador MCI 2013



⁷ The breakpoints for the overall MCI 2013 and each of its sub-indices were determined by the percentiles of the respective distributions. An “Excellent” ranking corresponds with a value equal to or higher than 95%; “High” corresponds with a value equal to or higher than 80% but lower than 95%; “Average” corresponds with a value equal to or higher than 20% but lower than 80%; “Low” corresponds with a value equal to or higher than 5% but lower than 20%; and “Very Low” corresponds with a value below 5%.

MC

Figure I: El Salvador MCI 2013



Excellent High Average Low Very Low

Sub-indices Results

Transparency

Figure 2 (on page 8) shows the 2013 Transparency sub-index rankings. This sub-index had an average ranking of 5.22, with Atiquizaya achieving the highest ranking (7.29). Other municipalities with “Excellent” rankings include Antiguo Cuscatlán (6.88), Zacatecoluca (6.69), San Juan Nonualco (6.38), San Julián (6.35), San Salvador (6.26), and Ilopango (6.26). Transparency is a fundamental element in building trust between the local governments and the local private sector. Transparency within municipal governments helps foster a business climate that has a good degree of stability and predictability, which allows local businesses to forecast and plan with greater precision and thus improve their ability to expand and thrive.⁸

Municipal Services

Figure 3 (on page 9) reports the 2013 Municipal Services sub-index rankings. This sub-index had an average ranking of 5.91, with Alegría obtaining the highest ranking (9.36). Other municipalities with “Excellent” rankings include Antiguo Cuscatlán (9.05), Pasaquina (8.91), Atiquizaya (8.82), Ciudad Arce (8.66), and Juayúa (8.65). Reliable and efficient municipal services can positively influence economic growth and can help generate conditions to attract investors and generate employment.⁹

Proactivity

Figure 4 (on page 10) denotes the 2013 Proactivity sub-index rankings. This sub-index had an average ranking of 4.97, with Suchitoto ranking the highest (6.21). Other municipalities with “Excellent” rankings include Atiquizaya (6.16), Antiguo Cuscatlán (6.02), El Carmen (Department of Cuscatlán) (6.01), Tepecoyo (5.95), and San Julián (5.77). Proactivity refers to a local government’s capacity to involve the business community in planning and budgeting activities, as well as its ability to address and resolve specific local government and private sector problems by using local resources and without drawing on the central government’s support. This sub-index measures the degree of innovation employed by local government management to generate new types of municipal services aimed at supporting private-sector activities.¹⁰ The results under the Proactivity sub-index indicate considerable room for improvement among local governments.

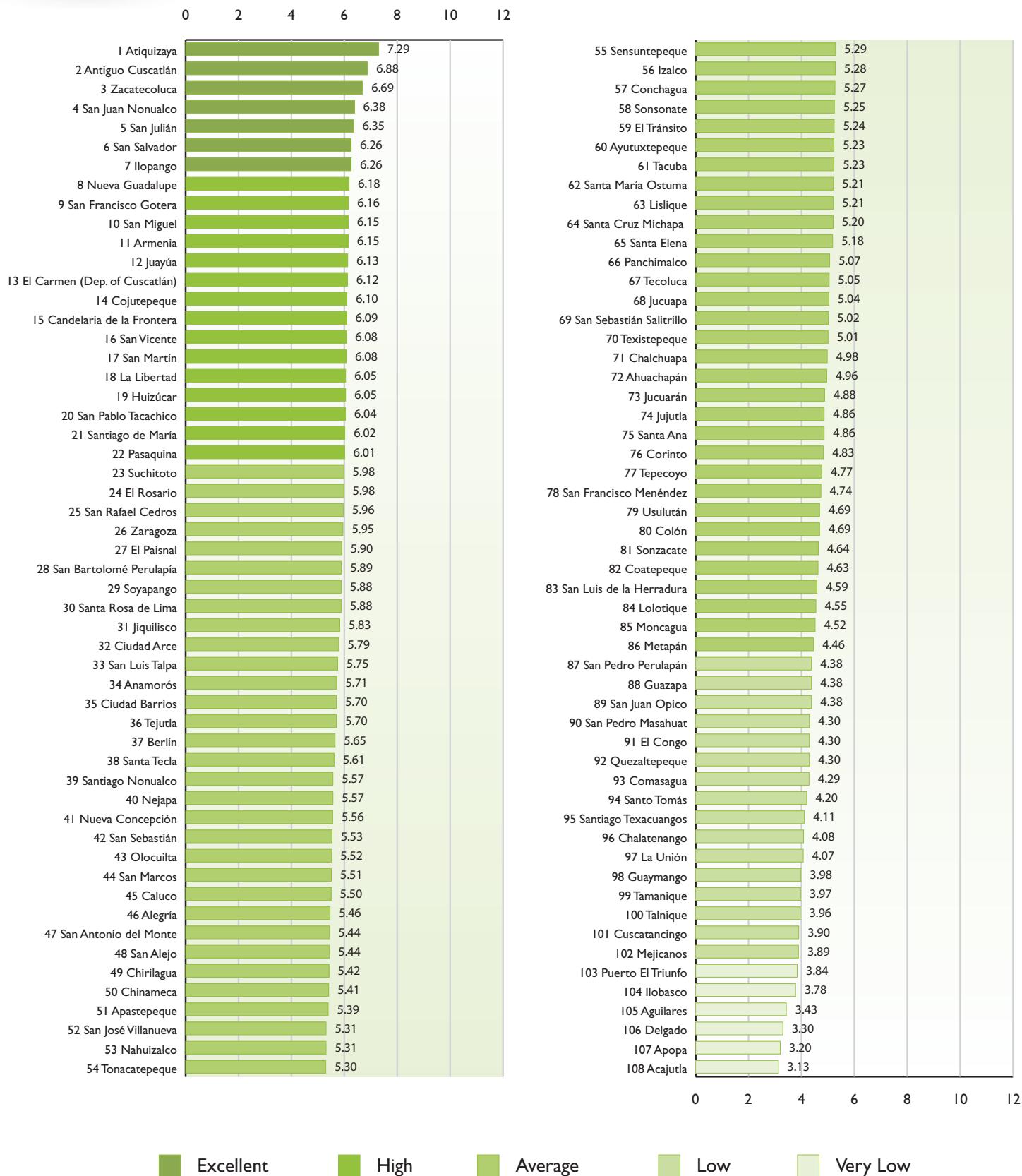
⁸ Kaufman, D., Kraay, A. & M. Mastruzzi, 2003, Governance Matters III: Governance Indicators for 1996–2002, *World Bank Policy Research Working Paper 3106*, Washington, DC: The World Bank.

⁹ Fisher, R.C., 1997, Los Efectos de Servicios Públicos Estatales y Locales en el Desarrollo Económico. *New England Economic Review*, March/April, p. 53–82.

¹⁰ Porter, M.E. & M.R. Kramer, 2011, Creating Shared Value, *Harvard Business Review*, <http://unm2020.unm.edu/knowledgebase/university-leadership-and-governance/11-porter-creating-shared-value-ss-highlights.pdf>. Accessed on June 10, 2012.



Figure 2: Transparency 2013 Sub-index



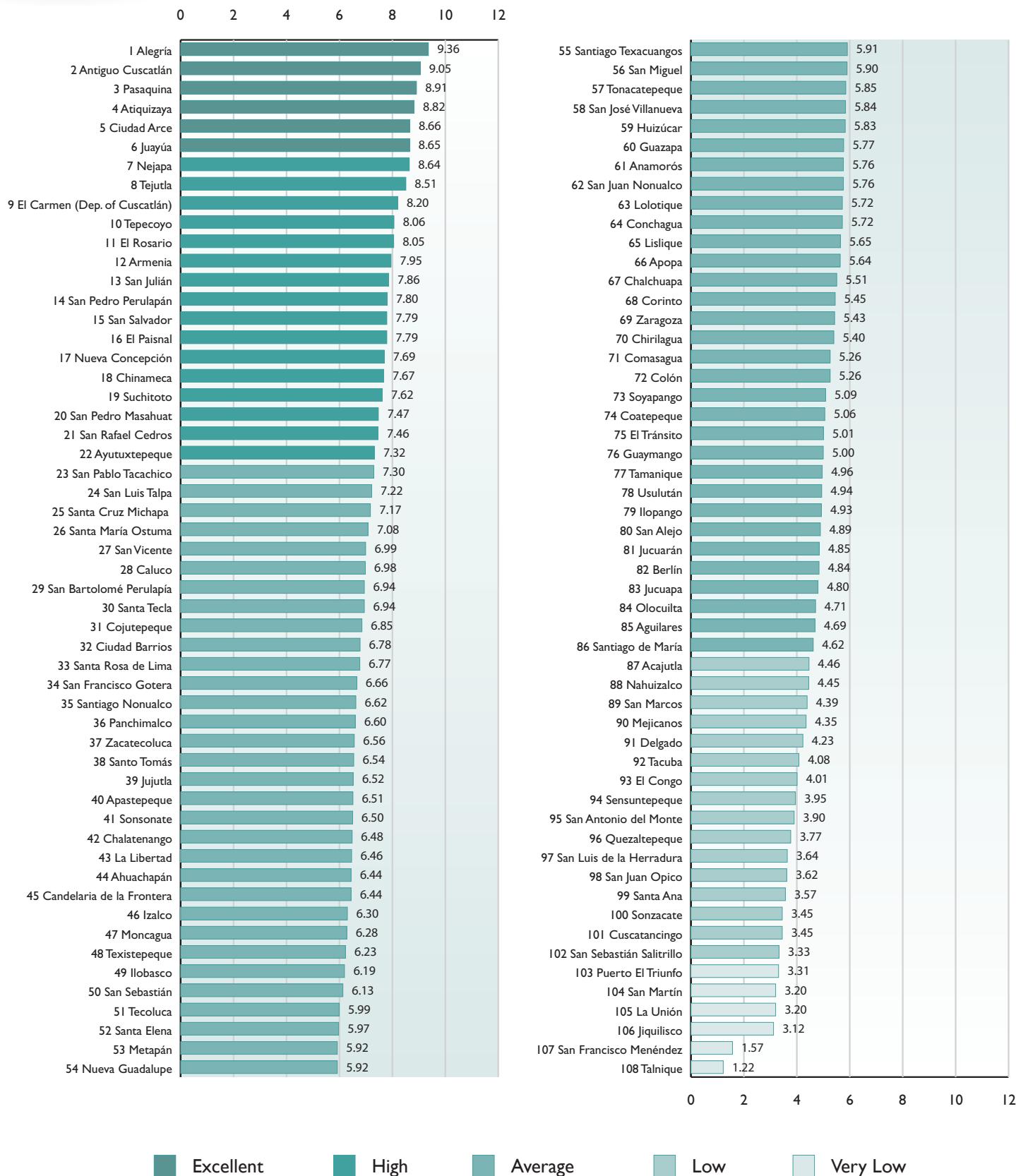
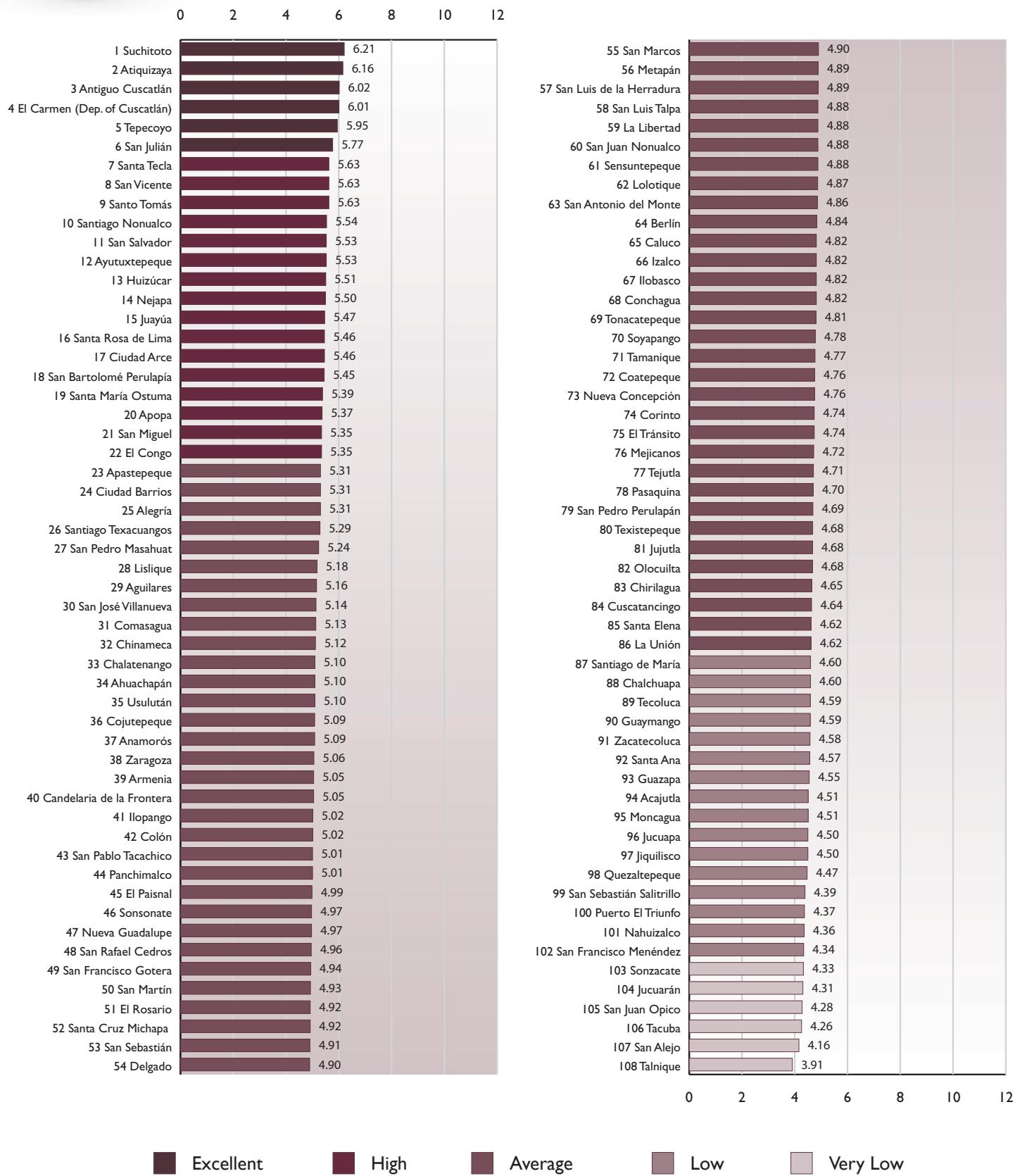
**Figure 3: Municipal Services 2013 Sub-index**



Figure 4: Proactivity 2013 Sub-index



■ Excellent ■ High ■ Average ■ Low ■ Very Low

Illegal Payments

Figure 5 (on page 12) shows the 2013 Illegal Payments sub-index rankings. This sub-index had an average ranking of 8.18, with Alegría achieving the highest ranking (10.00). Other municipalities with “Excellent” rankings include Sensuntepeque (9.92), Moncagua (9.92), Corinto (9.92), Chirilagua (9.84), Apastepeque (9.82), and Santa Cruz Michapa (9.82). Sixty out of the 108 municipalities obtained above average rankings. Corruption increases the cost of doing business, reduces confidence in local government, and decreases citizen participation. The degree of corruption in a local government may negatively impact investments and employment.¹¹

Public Safety

Figure 6 (on page 13) denotes the 2013 Public Safety sub-index rankings. This sub-index had an average ranking of 5.63, with Alegría achieving the highest ranking (8.26). Other municipalities with “Excellent” rankings include El Carmen (Department of Cuscatlán) (7.95), Tepecoyo (7.91), Antiguo Cuscatlán (7.90), San Julián (7.78), and Juayúa (7.64). Fifty-two out of the 108 municipalities obtained below average rankings, suggesting that public security is an issue that affects a significant number of municipalities in El Salvador. Crime and delinquency are two attributes that impact a municipality’s attractiveness to investors and thus affect its economic success.¹²

Time to Comply with Regulations

Figure 7 (on page 14) reports the 2013 Time to Comply with Regulations sub-index rankings. This sub-index had an average ranking of 6.23, with Jujutla achieving the highest ranking (7.98). Other municipalities with “Excellent” rankings include Talnique (7.96), San Salvador (7.62), Guazapa (7.62), Colón (7.46), and Atiquizaya (7.46). Time is a very valuable resource for business owners. As such, the time that entrepreneurs and business owners spend attending to bureaucratic or administrative procedures reduces the amount of time they can invest in improving existing businesses or initiating new business ventures. This loss of productivity is the actual cost of regulations and a reason why excessive regulations can stifle economic growth.¹³

Rates and Taxes

Figure 8 (on page 15) shows the 2013 municipal ranking for the Rates and Taxes sub-index. This sub-index had an average ranking of 5.24, with Atiquizaya achieving the highest ranking (8.02). Other municipalities with “Excellent” rankings include Tejutla (7.82), El Carmen (Department of Cuscatlán) (7.48), San Vicente (7.38), Jujutla (6.99), and Tepecoyo (6.96).

Entry Costs

Figure 9 (on page 16) shows the 2013 Entry Costs sub-index rankings.¹⁴ This sub-index had an average ranking of 7.00, with Huizúcar achieving the highest ranking (9.49). Other municipalities with “Excellent” rankings include Santa Cruz Michapa (9.42), Atiquizaya (9.34), San Luis de La Herradura (9.09), Jiquilisco (9.00), and Berlín (8.91).

¹¹ Wei, S.J. & A. Shleifer, 2000, Local Corruption and Global Capital Flows, *Brookings Papers on Economic Activity* Vol. 2000, No. 2, p. 303-354.

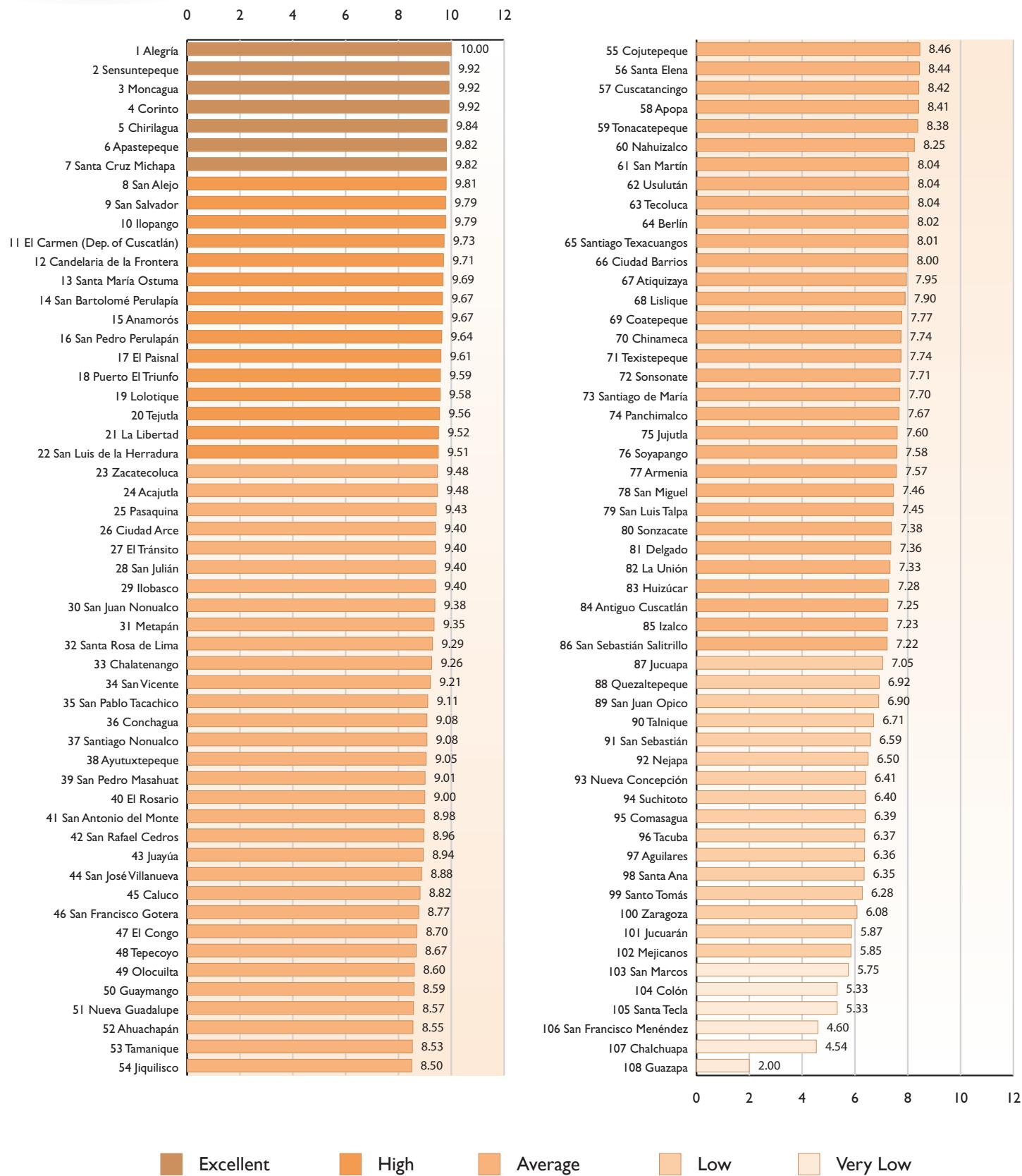
¹² Garret, E.A. & L.S. Ott, 2009, City Business Cycles and Crime, *Federal Reserve Bank of Saint Louis Working Paper No. 2008-026B*.

¹³ Crain, W.M. & T.D. Hopkins, 2000, The Impact of Regulatory Costs on Small Firms, *Office of Advocacy*, U.S. Small Business Administration, RFP No. SBAHQ-00-R-0027, Washington D.C.

¹⁴ The Entry Costs sub-index was calculated based on the data collected from businesses, which started operations during 2012 or 2013.



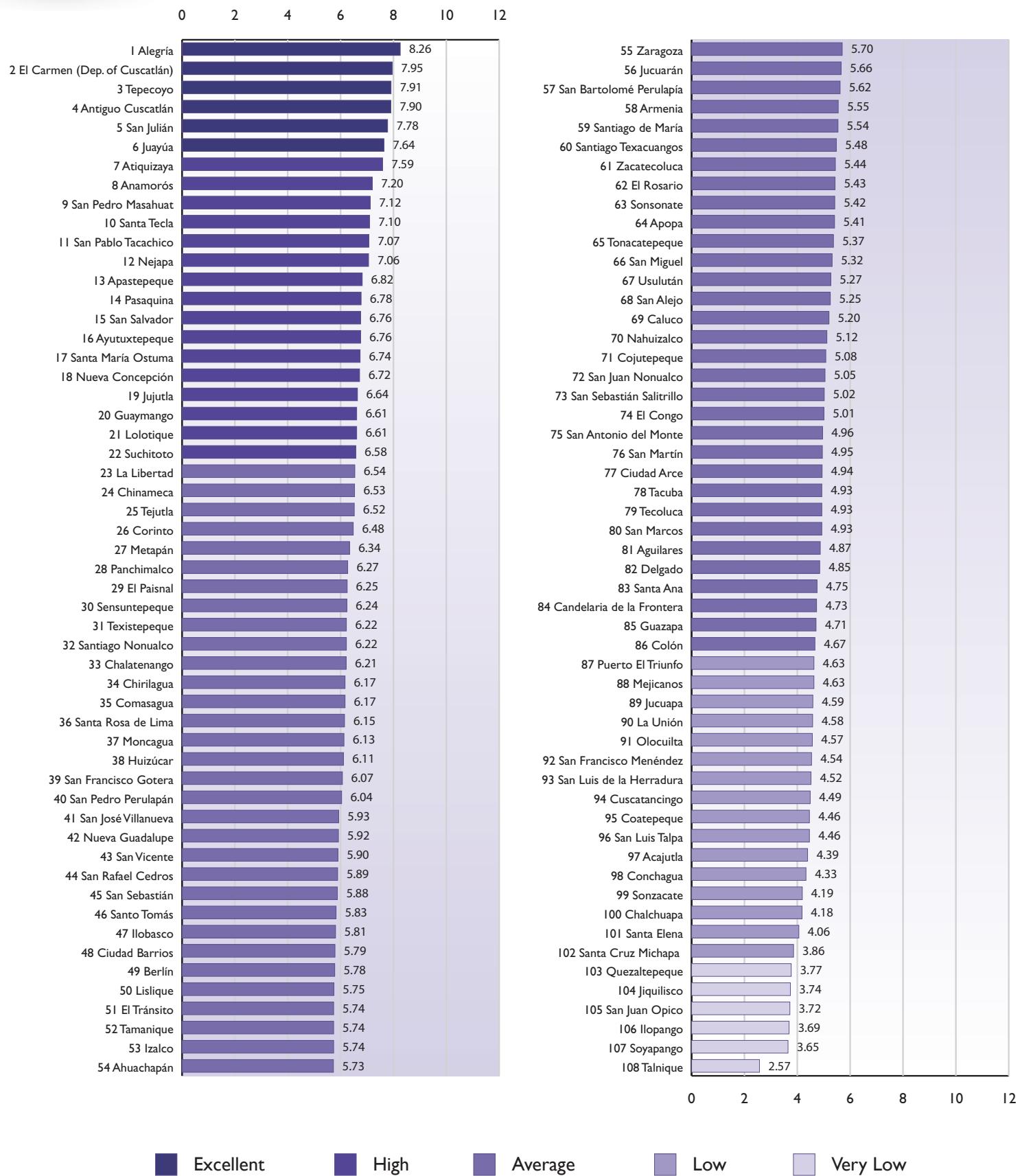
Figure 5: Illegal Payments 2013 Sub-index



Legend: Excellent (dark orange), High (medium orange), Average (light orange), Low (very light orange), Very Low (yellow).



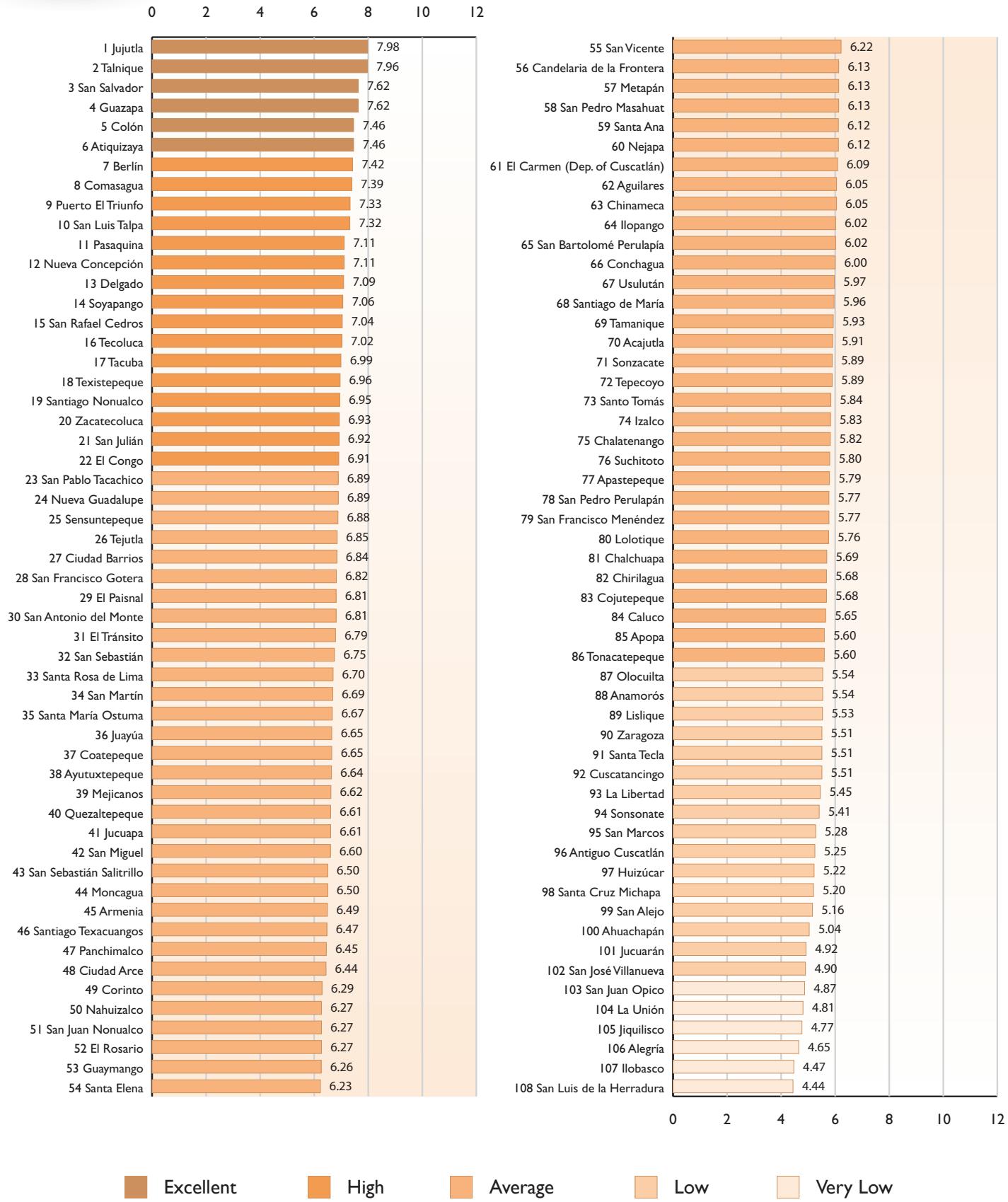
Figure 6: Public Safety 2013 Sub-index



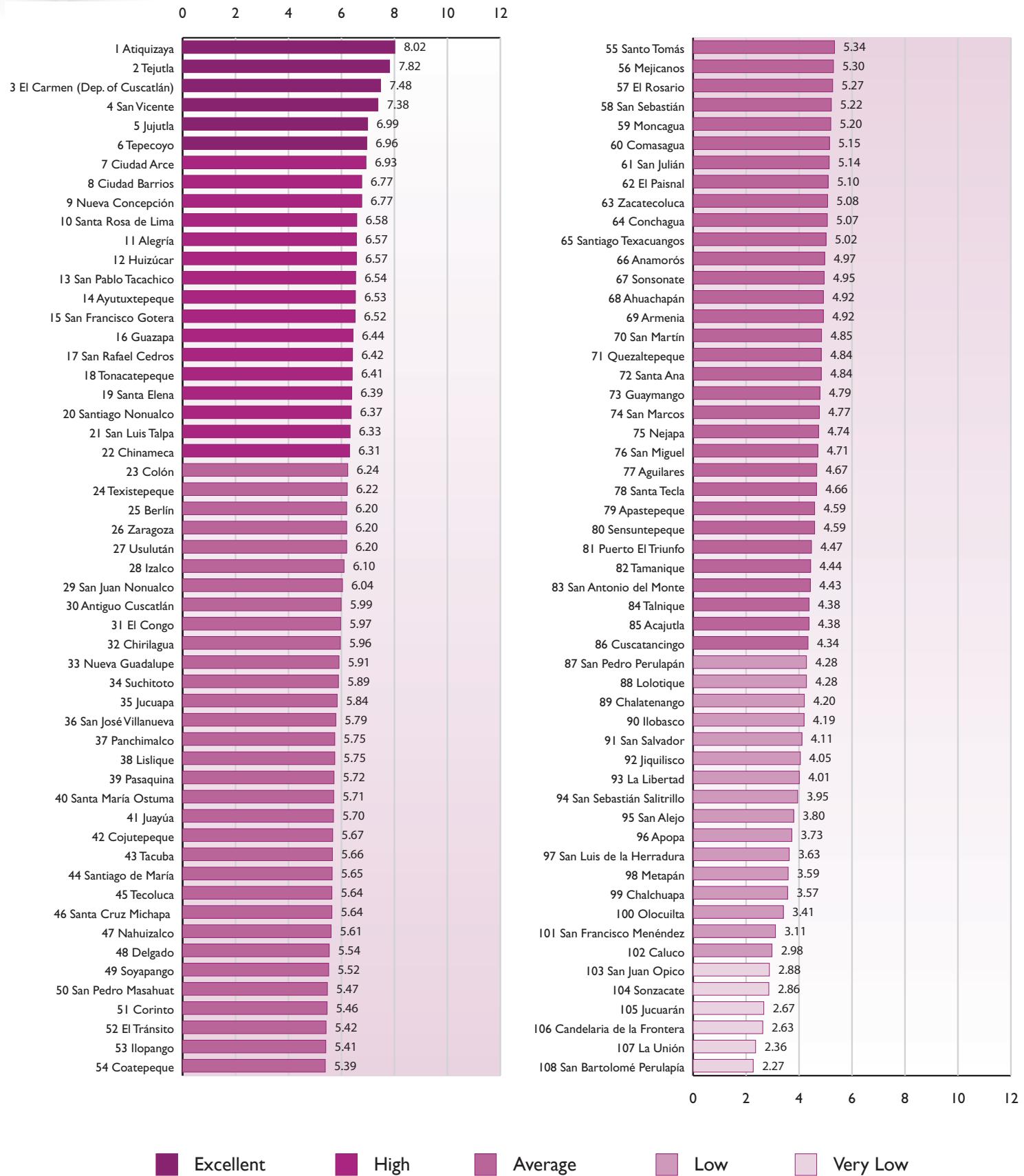
■ Excellent ■ High ■ Average ■ Low ■ Very Low



Figure 7: Time to Comply with Regulations 2013 Sub-index



Legend: Excellent (dark brown), High (medium brown), Average (light brown), Low (very light brown), Very Low (off-white).

**Figure 8: Rates and Taxes 2013 Sub-index**

Excellent

High

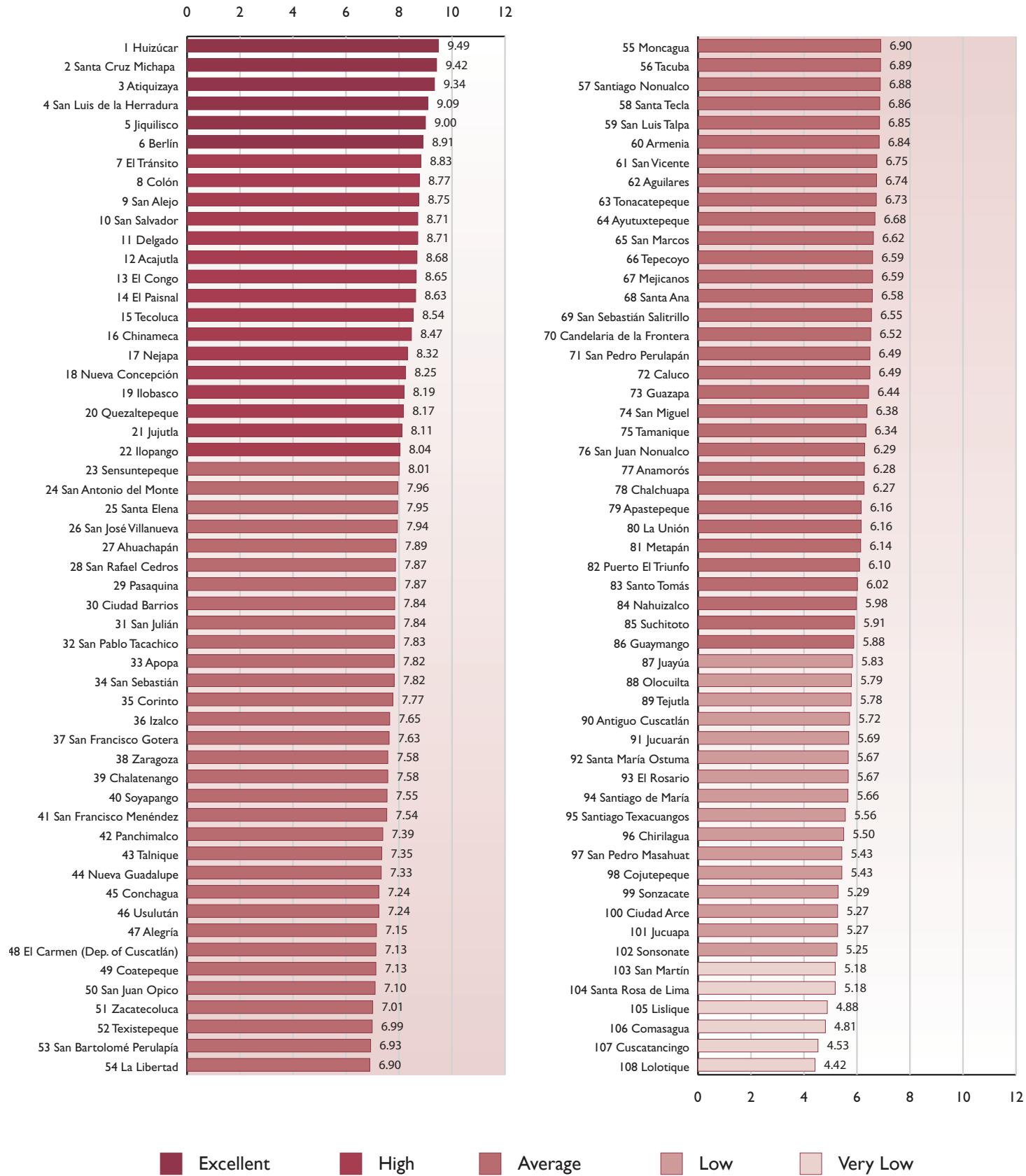
Average

Low

Very Low



Figure 9: Entry Costs 2013 Sub-index



Excellent High Average Low Very Low

Table 2: MCI 2013 OVERVIEW

Municipal Ranking	Municipality	MCI	Transparency	Municipal Services	Proactivity	Illegal Payments	Public Security	Time to Comply with Regulations	Rates and Taxes	Entry Costs
89	ACAJUTLA	5.36	3.13	4.46	4.51	9.48	4.39	5.91	4.38	8.68
96	AGUILARES	5.08	3.43	4.69	5.16	6.36	4.87	6.05	4.67	6.74
56	AHUACHAPÁN	5.97	4.96	6.44	5.10	8.55	5.73	5.04	4.92	7.89
3	ALEGRÍA	7.15	5.46	9.36	5.31	10.00	8.26	4.65	6.57	7.15
36	ANAMORÓS	6.27	5.71	5.76	5.09	9.67	7.20	5.54	4.97	6.28
10	ANTIGUO CUSCATLÁN	6.88	6.88	9.05	6.02	7.25	7.90	5.25	5.99	5.72
32	APASTEPEQUE	6.31	5.39	6.51	5.31	9.82	6.82	5.79	4.59	6.16
86	APOPA	5.44	3.20	5.64	5.37	8.41	5.41	5.60	3.73	7.82
33	ARMENIA	6.29	6.15	7.95	5.05	7.57	5.55	6.49	4.92	6.84
1	ATIQUIZAYA	7.71	7.29	8.82	6.16	7.95	7.59	7.46	8.02	9.34
16	AYUTUXTEPEQUE	6.72	5.23	7.32	5.53	9.05	6.76	6.64	6.53	6.68
39	BERLÍN	6.20	5.65	4.84	4.84	8.02	5.78	7.42	6.20	8.91
70	CALUCO	5.77	5.50	6.98	4.82	8.82	5.20	5.65	2.98	6.49
60	CANDELARIA DE LA FRONTERA	5.90	6.09	6.44	5.05	9.71	4.73	6.13	2.63	6.52
57	CHALATENANGO	5.95	4.08	6.48	5.10	9.26	6.21	5.82	4.20	7.58
102	CHALCHUAPA	4.78	4.98	5.51	4.60	4.54	4.18	5.69	3.57	6.27
22	CHINAMECA	6.52	5.41	7.67	5.12	7.74	6.53	6.05	6.31	8.47
45	CHIRILAGUA	6.15	5.42	5.40	4.65	9.84	6.17	5.68	5.96	5.50
13	CIUDAD ARCE	6.84	5.79	8.66	5.46	9.40	4.94	6.44	6.93	5.27
21	CIUDAD BARRIOS	6.54	5.70	6.78	5.31	8.00	5.79	6.84	6.77	7.84
81	COATEPEQUE	5.61	4.63	5.06	4.76	7.77	4.46	6.65	5.39	7.13
41	COJUTEPEQUE	6.17	6.10	6.85	5.09	8.46	5.08	5.68	5.67	5.43
79	COLÓN	5.63	4.69	5.26	5.02	5.33	4.67	7.46	6.24	8.77
82	COMASAGUA	5.53	4.29	5.26	5.13	6.39	6.17	7.39	5.15	4.81
61	CONCHAGUA	5.89	5.27	5.72	4.82	9.08	4.33	6.00	5.07	7.24
38	CORINTO	6.23	4.83	5.45	4.74	9.92	6.48	6.29	5.46	7.77
101	CUSCATANCINGO	4.94	3.90	3.45	4.64	8.42	4.49	5.51	4.34	4.53
87	DELGADO	5.43	3.30	4.23	4.90	7.36	4.85	7.09	5.54	8.71
2	EL CARMEN (DEPARTMENT OF CUSCATLÁN)	7.39	6.12	8.20	6.01	9.73	7.95	6.09	7.48	7.13
62	EL CONGO	5.87	4.30	4.01	5.35	8.70	5.01	6.91	5.97	8.65
15	EL PAISNAL	6.75	5.90	7.79	4.99	9.61	6.25	6.81	5.10	8.63
26	EL ROSARIO	6.44	5.98	8.05	4.92	9.00	5.43	6.27	5.27	5.67
43	EL TRÁNSITO	6.17	5.24	5.01	4.74	9.40	5.74	6.79	5.42	8.83
80	GUAYMANGO	5.62	3.98	5.00	4.59	8.59	6.61	6.26	4.79	5.88
100	GUAZAPA	5.02	4.38	5.77	4.55	2.00	4.71	7.62	6.44	6.44
34	HUIZÚCAR	6.29	6.05	5.83	5.51	7.28	6.11	5.22	6.57	9.49
76	ILOBASCO	5.69	3.78	6.19	4.82	9.40	5.81	4.47	4.19	8.19
49	ILOPANGO	6.08	6.26	4.93	5.02	9.79	3.69	6.02	5.41	8.04
55	IZALCO	6.00	5.28	6.30	4.82	7.23	5.74	5.83	6.10	7.65
93	JIQUILISCO	5.20	5.83	3.12	4.50	8.50	3.74	4.77	4.05	9.00
7	JUAYÚA	6.95	6.13	8.65	5.47	8.94	7.64	6.65	5.70	5.83

Table 2: MCI 2013 OVERVIEW (Continued)

Municipal Ranking	Municipality	MCI	Transparency	Municipal Services	Proactivity	Illegal Payments	Public Security	Time to Comply with Regulations	Rates and Taxes	Entry Costs
85	JUCUAPA	5.47	5.04	4.80	4.50	7.05	4.59	6.61	5.84	5.27
103	JUCUARÁN	4.73	4.88	4.85	4.31	5.87	5.66	4.92	2.67	5.69
24	JUJUTLA	6.47	4.86	6.52	4.68	7.60	6.64	7.98	6.99	8.11
40	LA LIBERTAD	6.18	6.05	6.46	4.88	9.52	6.54	5.45	4.01	6.90
106	LA UNIÓN	4.48	4.07	3.20	4.62	7.33	4.58	4.81	2.36	6.16
65	LISLIQUE	5.83	5.21	5.65	5.18	7.90	5.75	5.53	5.75	4.88
67	LOLOTIQUE	5.81	4.55	5.72	4.87	9.58	6.61	5.76	4.28	4.42
97	MEJICANOS	5.07	3.89	4.35	4.72	5.85	4.63	6.62	5.30	6.59
68	METAPÁN	5.78	4.46	5.92	4.89	9.35	6.34	6.13	3.59	6.14
42	MONCAGUA	6.17	4.52	6.28	4.51	9.92	6.13	6.50	5.20	6.90
78	NAHUIZALCO	5.63	5.31	4.45	4.36	8.25	5.12	6.27	5.61	5.98
28	NEJAPA	6.38	5.57	8.64	5.50	6.50	7.06	6.12	4.74	8.32
23	NUEVA CONCEPCIÓN	6.47	5.56	7.69	4.76	6.41	6.72	7.11	6.77	8.25
27	NUEVA GUADALUPE	6.38	6.18	5.92	4.97	8.57	5.92	6.89	5.91	7.33
91	OLOCUILTA	5.34	5.52	4.71	4.68	8.60	4.57	5.54	3.41	5.79
44	PANCHIMALCO	6.15	5.07	6.60	5.01	7.67	6.27	6.45	5.75	7.39
6	PASAQUINA	7.00	6.01	8.91	4.70	9.43	6.78	7.11	5.72	7.87
90	PUERTO EL TRIUNFO	5.34	3.84	3.31	4.37	9.59	4.63	7.33	4.47	6.10
95	QUEZALTEPEQUE	5.09	4.30	3.77	4.47	6.92	3.77	6.61	4.84	8.17
75	SAN ALEJO	5.69	5.44	4.89	4.16	9.81	5.25	5.16	3.80	8.75
74	SAN ANTONIO DEL MONTE	5.71	5.44	3.90	4.86	8.98	4.96	6.81	4.43	7.96
51	SAN BARTOLOMÉ PERULAPÁA	6.04	5.89	6.94	5.45	9.67	5.62	6.02	2.27	6.93
19	SAN FRANCISCO GOTERA	6.63	6.16	6.66	4.94	8.77	6.07	6.82	6.52	7.63
108	SAN FRANCISCO MENÉNDEZ	4.16	4.74	1.57	4.34	4.60	4.54	5.77	3.11	7.54
48	SAN JOSÉ VILLANUEVA	6.12	5.31	5.84	5.14	8.88	5.93	4.90	5.79	7.94
31	SAN JUAN NONUALCO	6.31	6.38	5.76	4.88	9.38	5.05	6.27	6.04	6.29
105	SAN JUAN OPICO	4.52	4.38	3.62	4.28	6.90	3.72	4.87	2.88	7.10
5	SAN JULIÁN	7.04	6.35	7.86	5.77	9.40	7.78	6.92	5.14	7.84
92	SAN LUIS DE LA HERRADURA	5.29	4.59	3.64	4.89	9.51	4.52	4.44	3.63	9.09
37	SAN LUIS TALPA	6.26	5.75	7.22	4.88	7.45	4.46	7.32	6.33	6.85
94	SAN MARCOS	5.15	5.51	4.39	4.90	5.75	4.93	5.28	4.77	6.62
83	SAN MARTÍN	5.49	6.08	3.20	4.93	8.04	4.95	6.69	4.85	5.18
58	SAN MIGUEL	5.95	6.15	5.90	5.35	7.46	5.32	6.60	4.71	6.38
9	SAN PABLO TACACHICO	6.89	6.04	7.30	5.01	9.11	7.07	6.89	6.54	7.83
30	SAN PEDRO MASAHUAT	6.32	4.30	7.47	5.24	9.01	7.12	6.13	5.47	5.43
47	SAN PEDRO PERULAPÁN	6.13	4.38	7.80	4.69	9.64	6.04	5.77	4.28	6.49
14	SAN RAFAEL CEDROS	6.75	5.96	7.46	4.96	8.96	5.89	7.04	6.42	7.87
8	SAN SALVADOR	6.89	6.26	7.79	5.53	9.79	6.76	7.62	4.11	8.71
59	SAN SEBASTIÁN	5.91	5.53	6.13	4.91	6.59	5.88	6.75	5.22	7.82
98	SAN SEBASTIÁN SALITRILLO	5.07	5.02	3.32	4.39	7.22	5.02	6.50	3.95	6.55
12	SAN VICENTE	6.84	6.08	6.99	5.63	9.21	5.90	6.22	7.38	6.75
99	SANTA ANA	5.05	4.86	3.57	4.57	6.35	4.75	6.12	4.84	6.58

Table 2: MCI 2013 OVERVIEW (Continued)

Municipal Ranking	Municipality	MCI	Transparency	Municipal Services	Proactivity	Illegal Payments	Public Security	Time to Comply with Regulations	Rates and Taxes	Entry Costs
35	SANTA CRUZ MICHAPA	6.29	5.20	7.17	4.92	9.82	3.86	5.20	5.64	9.42
52	SANTA ELENA	6.02	5.18	5.97	4.62	8.44	4.06	6.23	6.39	7.95
20	SANTA MARÍA OSTUMA	6.59	5.21	7.08	5.39	9.69	6.74	6.67	5.71	5.67
17	SANTA ROSA DE LIMA	6.64	5.88	6.77	5.46	9.29	6.15	6.70	6.58	5.18
64	SANTA TECLA	5.83	5.61	6.94	5.63	5.33	7.10	5.51	4.66	6.86
73	SANTIAGO DE MARÍA	5.72	6.02	4.62	4.60	7.70	5.54	5.96	5.65	5.66
18	SANTIAGO NONUALCO	6.64	5.57	6.62	5.54	9.08	6.22	6.95	6.37	6.88
72	SANTIAGO TEXACUANGOS	5.72	4.11	5.91	5.29	8.01	5.48	6.47	5.02	5.56
77	SANTO TOMÁS	5.67	4.20	6.54	5.63	6.28	5.83	5.84	5.34	6.02
54	SENSUNTEPEQUE	6.01	5.29	3.95	4.88	9.92	6.24	6.88	4.59	8.01
71	SONSONATE	5.75	5.25	6.50	4.97	7.71	5.42	5.41	4.95	5.25
104	SONZACATE	4.67	4.64	3.45	4.33	7.38	4.19	5.89	2.86	5.29
69	SOYAPANGO	5.78	5.88	5.09	4.78	7.58	3.65	7.06	5.52	7.55
29	SUCHITOTO	6.35	5.98	7.62	6.21	6.40	6.58	5.80	5.89	5.91
88	TACUBA	5.38	5.23	4.08	4.26	6.37	4.93	6.99	5.66	6.89
107	TALNIQUE	4.45	3.96	1.22	3.91	6.71	2.57	7.96	4.38	7.35
84	TAMANIQUE	5.48	3.97	4.96	4.77	8.53	5.74	5.93	4.44	6.34
53	TECOLUCA	6.02	5.05	5.99	4.59	8.04	4.93	7.02	5.64	8.54
4	TEJUTLA	7.07	5.70	8.51	4.71	9.56	6.52	6.85	7.82	5.78
11	TEPECYO	6.87	4.77	8.06	5.95	8.67	7.91	5.89	6.96	6.59
46	TEXISTEPEQUE	6.15	5.01	6.23	4.68	7.74	6.22	6.96	6.22	6.99
50	TONACATEPEQUE	6.05	5.30	5.85	4.81	8.38	5.37	5.60	6.41	6.73
63	USULUTÁN	5.83	4.69	4.94	5.10	8.04	5.27	5.97	6.20	7.24
25	ZACATECOLUCA	6.44	6.69	6.56	4.58	9.48	5.44	6.93	5.08	7.01
66	ZARAGOZA	5.81	5.95	5.43	5.06	6.08	5.70	5.51	6.20	7.58
AVERAGE		5.96	5.22	5.91	4.97	8.18	5.63	6.23	5.24	7.00

Methodological Summary

The indicators used to construct the MCI 2013 and its sub-indices were calculated from data collected from the 108 municipalities, obtained by surveying business owners and representatives from 8,818 establishments that operate from a fixed location in each municipality, as well as from municipal officials. The design of the business sample survey, as well as the sample, is available in the methodological appendix.¹⁵

Data on budget, expenditure allocations, and the number of businesses registered in 2012—which were used to calculate the Rates and Taxes sub-index and to obtain the weights of the other MCI sub-indices—were collected directly from the municipalities.¹⁶

Data collection was preceded by the preparation of a statistical map that was used to develop a sampling frame from which to select businesses to interview.¹⁷ This process took place from February 11 to April 5, 2013. Data collection and other operations associated with the business surveys took place from April 15 to August 2, 2013. The data collection team consisted of 18 interviewers organized into three groups—each coordinated by a leader and under the direction of a field supervisor who reported directly to the chief of operations. The team members were trained for two weeks to ensure a comprehensive understanding of the survey questions, questionnaire structure, and mapping and field procedures used to select businesses.

To ensure data quality, supervisors conducted validation interviews with business owners and managers initially surveyed by the interviewers. Furthermore, at mid-day of each work day, team leaders held feedback sessions with interviewers in order to immediately verify the data collected and to make necessary corrections prior to the validation sessions conducted by supervisors. The chief of operations performed quality control checks on 10% of the business survey forms collected and on all the municipal surveys collected. The SPSS Data Entry Builder™ was used to develop a tailor-made program to enter and edit data captured on the survey forms. The data files were cleaned and produced in SPSS format.

¹⁵ Visit the following site <http://municipalindexelsalvador.com> or <http://indicemunicipalelsalvador.com> to access the methodological appendix.

¹⁶ The municipalities of Ayutuxtepeque, San Marcos, and El Tránsito declined to provide the requested information.

¹⁷ The sampling frame included a total of 62,542 businesses located in urban areas of the 108 municipalities included in the MCI 2013. A statistical map was developed by a technical team made up of a chief of operations, three supervisors, and nine enumerators. The staff was trained for three weeks in order to master the processes and procedures involved in developing the sampling frame for the MCI 2013. The data was entered and edited using the SPSS Data Entry Builder™ program.



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